

TENNESSEE GENERAL ASSEMBLY
FISCAL REVIEW COMMITTEE



FISCAL MEMORANDUM

SB 458 – HB 739

March 27, 2013

SUMMARY OF ORIGINAL BILL: Authorizes any local government entity to purchase goods, equipment, and services under the same provisions of contracts or price agreements used by any other local government entity within the state. Deletes Tenn. Code Ann. § 12-3-1009 which authorizes counties to utilize pricing discounts from the National Association of Counties (NACo) Purchasing Alliance. Authorizes any local government entity to participate in, sponsor, conduct, or administer a cooperative purchasing agreement for the procurement of any goods, supplies, services, or equipment with one or more other governmental entities outside the state under certain circumstances. Revises deadlines for state and local government bid documents.

FISCAL IMPACT OF ORIGINAL BILL:

Decrease Local Expenditures – Exceeds \$5,000

SUMMARY OF AMENDMENT (005758): Deletes and rewrites the bill such that the only substantive changes authorize the chief procurement officer to collect and share information from other municipalities, counties, utility districts, or other local government units concerning the type, cost, quality, and quantity of commonly used goods, supplies, services, and equipment being procured under cooperative purchasing agreements; and removes the purchase of certain new or unused motor vehicles and those purchases related to any transportation infrastructure project from applicability in cooperative purchase agreements.

FISCAL IMPACT OF BILL WITH PROPOSED AMENDMENT:

Unchanged from the original fiscal note.

Assumptions for the bill as amended:

- According to the Department of General Services, the bill will not fiscally impact the Department.
- Pursuant to Tenn. Code Ann. § 12-3-1004(c)(1) and (2), local government entities are authorized to purchase goods and equipment under the same terms and prices initiated

by any other local government entity within the state when the individual unit price does not exceed \$10,000.

- Allowing local governments to utilize contract terms and pricing agreements currently in place regardless of price will decrease the amount time and money expended by local governments during the bidding and contracting process.
- The required collection and sharing of information relative to the type, cost, quality, and quantity of commonly used goods, supplies, services, and equipment being procured under cooperative purchasing agreements by the chief procurement officer is not estimated to result in any increase to local government expenditures.
- Due to a number of unknown variables, including but not limited to, how many local government entities would utilize the contracts and pricing systems currently in place with other local government entities, the total cost savings on certain products and services, and how many cooperative purchasing agreements will be formed, a precise fiscal impact is difficult to determine. However, any such fiscal impact resulting from this bill will be a recurring decrease in local government expenditures, which is reasonably estimated to exceed \$5,000 per year statewide.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read 'Lucian D. Geise', is written over a light gray circular stamp.

Lucian D. Geise, Executive Director

/jrh